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SUBJECT: DEMARCHE ON ALGERIA'S WTO ACCESSION DELIVERED

REF: STATE 108034

¶1. (SBU) Ambassador, accompanied by Polec Chief, delivered reftel demarche July 11 to MFA Americas Director General Selmane. Reviewing reftel points and leaving a non-paper in French and English at the end of the discussion, Ambassador highlighted strong U.S. support for Algerian WTO accession, our extensive technical assistance designed to facilitate the accession process, and our favorable view in principle of FM Bedjaoui's proposal to schedule expert level discussions.

At the same time, Ambassador also conveyed our conclusion, with regret, that absent revised Algerian offers on goods and services market access and responses on other questions, which we had been waiting for in some cases for over a year, there did not seem to be a basis for bilateral talks at this time. Ambassador explained that we were delivering this demarche to the MFA in the first instance because it was our response to the proposal the Minister had made during his visit. The Pol/Econ chief was also seeking an appointment at the Ministry of Commerce to review directly the points in the demarche with the WTO coordinator.

ALGERIA NEEDS TO MAKE STRATEGIC
DECISION TO COMPLETE WTO ACCESSION

¶2. (SBU) Ambassador stressed the importance of WTO accession for Algeria and the need for a strategic decision to complete the process, provide the necessary instructions to Algerian WTO negotiators, and undertake the legislation necessary to bring Algeria into full conformity with international trade norms. Ambassador noted he had made similar points during his farewell call on President Bouteflika in June. Noting he was speaking frankly and as a friend, Ambassador explained that Algerian slowness in responding to questions and the fact that accession talks had dragged on since the mid-nineties had unfortunately left the impression that Algeria was not taking this issue seriously or making accession a priority.

A FRUSTRATING PROCESS FOR BOTH SIDES

¶3. (SBU) Ambassador said the accession process had been frustrating for both sides. The Algerian side was frustrated with the slowness of the process and the repeated questions seeking clarification. For its part, the United States was disappointed because we felt we had gone to great lengths to assist the Algerian side, providing technical assistance and expertise, furnishing analytical papers, coaching on how to answer questions, and proposing to accelerate the question and answer process by informally vetting proposed answers before they were sent to Geneva for formal circulation. Unfortunately, the Algerian side had never followed up in writing on the goods and services offers presented in late

2004 and early 2005; had taken five months to respond to questions submitted in October 2005; had been late in responding to our non-papers; and, contrary to what had been agreed, had not informally shared their proposed responses, as a quality check, before sending them to Geneva.

14. (SBU) In this regard, while noting he was not an expert, Ambassador understood the quality of the Algerian responses reviewed to date had not been what we had hoped. It was important to answer questions in a way that did not raise additional questions needing clarification, Ambassador advised. Another source of delay in the accession process was the reluctance of the Algerian delegation, during sessions in Geneva, to answer questions on the spot. Insisting on written questions and written responses for all questions was a much more time-consuming method.

AMBASSADOR ADVISES THERE NO
POSSIBILITY OF ACCESSION IN 2006

15. (SBU) Ambassador explained that our support for Algerian WTO accession was based on our analysis that Algeria's acceptance of international trade norms would, as it has with other countries, promote economic modernization, attract investment, and alleviate unemployment, a major issue facing Algeria. Ambassador recalled that when he arrived in 2003, there had been some hope that Algeria might achieve accession by 2004. The target date had then slipped to 2005 and then to 2006. And now there was virtually no possibility of Algeria achieving accession this year. Ambassador said it was in Algeria's interest to accede as soon as possible, since the accession of each new member state potentially raised the bar for what would be expected of candidate countries. Saudi Arabia, for example, had made a generous offer on energy services, and this meant the international community would now not be prepared to accept a less generous offer from newer members. Selmane thanked Ambassador for his explanations, noting they would assist her in addressing WTO accession issues within the GOA.

ERDMAN